



Substitute Senate Bill No. 2

Public Act No. 08-123

AN ACT CONCERNING THE NEXT STEPS INITIATIVE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 17a-485c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The Commissioner of Mental Health and Addiction Services, in collaboration with the Commissioners of Social Services, Children and Families and Economic and Community Development and the Connecticut Housing Finance Authority, shall establish a Supportive Housing Initiative to provide additional units of affordable housing and support services to eligible persons. The Supportive Housing Initiative shall be implemented in two phases with the first phase to be known as the Supportive Housing Pilots Initiative and the second phase to be known as the Next Steps Initiative.

(b) The Supportive Housing Pilots Initiative shall provide up to six hundred fifty additional units of affordable housing and support services to eligible households, as defined in section 17a-484a, and to persons with serious mental health needs who are community-supervised offenders supervised by the executive or judicial branch. Such housing shall be permanent supportive housing or transitional living programs, and the permanent supportive housing may include

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both individuals and families with special needs and individuals and families without such needs.

[(c) Not later than January 1, 2002, the Secretary of the Office of Policy and Management and the Commissioner of Mental Health and Addiction Services shall enter into a memorandum of understanding with the Departments of Social Services and Economic and Community Development and the Connecticut Housing Finance Authority. The memorandum of understanding shall provide that: (1) A collaborative plan shall be submitted with specific timetables to create up to six hundred fifty dwelling units of supportive housing, which may include the construction of up to three hundred new units of supportive housing; (2) the Department of Social Services may provide project-based rental subsidy certificates; (3) the Connecticut Housing Finance Authority and the Department of Economic and Community Development shall provide grants, mortgage loans and tax credits that offer a viable financing package, including capitalized operating reserves, for the construction of up to three hundred new units of supportive housing; (4) the Department of Mental Health and Addiction Services shall provide annual grants to the projects for supportive services during the term of any mortgage loan; (5) there shall be a plan for private and federal predevelopment financing and financing from nonstate sources for grants and loans from private investment through federal and state tax credit programs and federal project-based rental subsidies; and (6) not later than July 1, 2002, the Connecticut Housing Finance Authority shall issue a request for proposals by persons or entities interested in participating in such initiative with priority given to applicants that include organizations deemed qualified to provide services by the Department of Mental Health and Addiction Services pursuant to a request for qualifications. The Connecticut Housing Finance Authority shall review and underwrite projects developed under the Supportive Housing Pilots Initiative.]

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[(d)] (c) The Next Steps Initiative shall provide up to [five hundred] one thousand additional units of affordable housing and support services to: (1) Eligible households, as defined in section 17a-484a; (2) families who are eligible under the state plan for the federal temporary assistance for needy families program; (3) adults who are eighteen to twenty-three years of age, inclusive, and who are homeless, or at risk for becoming homeless because they are transitioning from foster care or other residential programs; and (4) persons with serious mental health needs who are community-supervised offenders supervised by the executive or judicial branch. Such housing shall be permanent supportive housing and may include both individuals and families with special needs and individuals and families without such needs.

[(e)] Not later than October 1, 2005, the Secretary of the Office of Policy and Management and the Commissioner of Mental Health and Addiction Services shall enter into a memorandum of understanding with the Departments of Social Services, Children and Families and Economic and Community Development and the Connecticut Housing Finance Authority. The memorandum of understanding shall provide that: (1) A collaborative plan shall be submitted with specific timetables to create up to five hundred dwelling units of supportive housing under the Next Steps Initiative; (2) the Department of Social Services may provide subsidies, including, but not limited to, project-based rental subsidy certificates during the term of any mortgage loan, that may include payments to fund reasonable repair and replacement reserves; (3) the Connecticut Housing Finance Authority and the Department of Economic and Community Development may provide grants, mortgage loans or tax credits, or any combination thereof that offer a viable financing package, including capitalized operating reserves; (4) the Departments of Mental Health and Addiction Services, Social Services and Children and Families may provide annual grants to the projects for supportive services during the term of any mortgage loan; (5) there shall be a plan for private and federal predevelopment

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financing and financing from nonstate sources for grants and loans from private investment through federal and state tax credit programs and federal project-based rental subsidies; and (6) the parties to the memorandum of understanding may include such other provisions to the memorandum of understanding that the parties find: (A) Necessary to assure the effectuation of the Supportive Housing Initiative, and (B) appropriate for repayment of state assistance to the state, as a result of payment of mortgage loans by the Connecticut Housing Finance Authority from federal or other sources of revenue, if any. Not later than January 1, 2006, the]

(d) The Connecticut Housing Finance Authority shall issue one or more requests for proposals by persons or entities interested in participating in such initiative with priority given to applicants that include organizations deemed qualified to provide services by the Departments of Mental Health and Addiction Services, Social Services and Children and Families. The Connecticut Housing Finance Authority shall review and underwrite projects developed under the Supportive Housing Initiative. For purposes of this subsection, "state assistance" means a payment by the state of actual debt service, comprised of principal, interest, interest rate swap payments, liquidity fees, letter of credit fees, trustee fees, and other similar bond-related expenses.

[(f) Not later than January 1, 2006, the Commissioners of Mental Health and Addiction Services, Children and Families, Social Services and Economic and Community Development and the Connecticut Housing Finance Authority shall submit an interim status report relative to the Supportive Housing Initiative established under this section to the joint standing committees of the General Assembly having cognizance of matters relating to public health, human services, finance, revenue and bonding and appropriations and the budgets of state agencies. Not later than January 1, 2007, the Commissioners of

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Mental Health and Addiction Services and Economic and Community Development and the Connecticut Housing Finance Authority shall submit a final report to said committees with respect to the Supportive Housing Initiative and the report shall include, but not be limited to, information indicating (1) the number and location of the units of supportive housing created, (2) the number of individuals served, (3) the number and type of services offered, and (4) the estimated amount of cost avoidance achieved as a direct result of such initiative.]

Sec. 2. Section 17a-485e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) For purposes of this section "state assistance" means a payment by the state of actual debt service, comprised of principal, interest, interest rate swap payments, liquidity fees, letter of credit fees, trustee fees, and other similar bond-related expenses.

(b) [On and after January 1, 2006, the] The State Bond Commission may authorize the State Treasurer and the Secretary of the Office of Policy and Management to enter into a contract or contracts to provide state assistance on bonds issued by the Connecticut Housing Finance Authority as provided in this section. If so authorized by the State Bond Commission, the state, acting by and through the Secretary of the Office of Policy and Management and State Treasurer, shall enter into a contract or contracts with the Connecticut Housing Finance Authority that provide the state shall pay to said authority state assistance on bonds issued by said authority for purposes of providing funds for mortgage loans made by said authority pursuant to the provisions of section 17a-485c, as amended by this act, funds for reasonable repair and replacement reserves and costs of issuance in an aggregate principal amount not to exceed [seventy] one hundred five million dollars. Any provision of such a contract entered into providing for payments equal to annual debt service shall constitute a full faith and credit obligation of the state and as part of the contract of

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the state with the holders of any bonds or refunding bonds, as applicable, appropriation of all amounts necessary to meet punctually the terms of such contract is hereby made and the State Treasurer shall pay such amounts as the same become due. The Connecticut Housing Finance Authority may pledge such state assistance as security for the payment of such bonds or refunding bonds issued by said authority. Any bonds so issued for the Supportive Housing Initiative by the Connecticut Housing Finance Authority and at any time outstanding may at any time or from time to time be refunded, in whole or in part, by the Connecticut Housing Finance Authority by the issuance of its refunding bonds in such amounts as the authority may deem necessary or appropriate but not exceeding an amount sufficient to refund the principal amount of the bonds to be so refunded, any unpaid interest thereon, and any premiums, commissions and costs of issuance necessary to be paid in connection therewith. The state, acting by and through the Office of Policy and Management and the State Treasurer and without further authorization, may execute an amendment to any contract providing state assistance as required in connection with such refunding bonds.

(c) Notwithstanding any contract entered into by the state with the Connecticut Housing Finance Authority for state assistance the bonds or refunding bonds to which such state assistance applies shall not constitute bonds or notes issued or guaranteed by the state within the meaning of section 3-21.

Approved June 2, 2008